MORE NEW CENTURY PAMPHLETS

WHITE CHAUVINISM AND THE STRUGGLE FOR PEACE, by Pettis Perry	.10
BEHIND THE FLORIDA BOMBINGS, by Joseph North	.05
STAND UP FOR FREEDOM, by Lloyd L. Brown	.05
WOMEN ON GUARD FOR PEACE, by Betty Millard	.10
GRASP THE WEAPON OF CULTURE! by V. J. Jerome	.10
PUBLIC ENEMIES IN PUBLIC OFFICE, by Carl Hirsch	.10
THE COLD WAR AND THE ECONOMIC CRISIS: A Symposium	1.00
WHO PAYS FOR THE COLD WAR? by George Blake	.05
PEACE—AND PRICE CUTS, TOO! by Felix Baran	.05
MUST THERE BE WAR? by Joseph Clark	.10
WHO WANTS WAR? by Joseph Clark	.03
AN AMERICAN LOOKS AT RUSSIA, by Claude Lightfoot	.05

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THE BIG LIE OF WAR "PROSPERITY"

By Bernard Burton

10 cents

armaments production, short of total war, cannot prevent an economic crisis. On the contrary, unemployment is already mounting and the conditions are gathering for the worst depression in American history unless the people change the course of events.

We have presented an alternative to Big Business' war-and-poverty program. We hope it will get wide discussion.

But we must add a note of caution. This program contains no cure-all for all the ills of our economic system. We believe it provides the means by which the condition of the majority of the people can be radically improved. It provides also that, when and if another depression does break out, the people will be in a better condition to weather it and the crisis itself may not be as deep-going or long-lasting as it is certain to be if we continue on our present course.

To eliminate the root cause of depressions requires an end to the economic system under which we live, capitalism, and its replacement by a new economic system, Socialism.

Capitalism is the breeding ground of depressions because it is inherently an anarchic, planless system in which a comparative handful of individuals, through ownership of the means of production, appropriate the fruit of the labor of millions who work in a social, cooperative fashion.

Socialism is a system in which the means of production are owned by the working people through state power, which is in the hands of the toiling people. For the first time overall planning of production becomes possible and all antagonism between the productive classes of society is removed. For the first time it becomes possible for man to plan and produce for his needs and to look forward to an endless vista of peace, prosperity and the pursuit of happiness.

Socialism, however, will not be on the order of the day until the majority of the American people, led by the working class, want it to be.

This author, for one, hopes that day is not far distant.

The BIG LIE *of*

WAR "PROSPERITY"

By Bernard Burton

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candidates who back a program such as the above. Thus far, in the 1952 elections, the only presidential ticket that meets these requirements is that put forward by the Progressive Party, with Vincent Hallinan for President, and Mrs. Charlotta A. Bass for Vice President. The people ought to get together in the communities. Labor, the Negro people, small and middle farmers, professional groups, community organizations should gather in their localities and work out their own program for peace and plenty, and they should work for the election of local and congressional candidates who will support such a program.

The American people want:

Peace, Not War! A Big Five Pact of Peace!
Homes and Schools, Not A-Bombs and Destruction!
Freedom and Democracy, Not Witch-hunts and Concentration Camps!
Real Equality and an FEPC, Not Jimcrow and Lynchings!
A Rising Standard of Living, Not Wage Freezes, High Prices and Heavy Taxes!

* * *

All the material in this pamphlet has been taken from government, business, trade union and United Nations publications and newspaper reports. It all adds up to the fact that

The State Department's answer has been its usual red-baiting and the old dodge that "you can't trust Russia." The record shows that the State Department is deceiving the people. The American people are joining with the people all over the world in demanding that our government negotiate with the Soviet government.

A PROGRAM FOR PEACE AND JOBS

The American people and the people of the entire world want peace. This is their most urgent, their deepest need and desire. It is especially true of labor and the Negro people, who suffer the most from war and war production.

The demand for peace–for a Big Five Peace Pact–should top the list for all people who want peace and useful work.

With that, the people–the workers and the Negro people in the first instance–need to put up a united fight for a program such as this:

- Reduction of the huge arms appropriations and taxes.
- End the barriers to peaceful world trade.
- Price and rent rollbacks and controls with teeth in them.
- End the wage freeze, permitting unions to bargain for wage raises of at least 35 percent to catch up with higher living costs and speedup. (Government figures show arms production has brought a tremendous speedup).
- A 35-hour week with no reduction in weekly earnings.
- FEPC, with complete job and wage equality for Negroes and other discriminated minorities.
- Restore the Bill of Rights. Repeal the Smith, McCarran, Taft-Hartley and other measures under which advocates of peace are railroaded to jail, deported to strange lands and hounded from jobs.
- $150 monthly old age pensions, $50 weekly unemployment benefits, complete medical insurance.

The American people ought to support only those political

THE BIG LIE OF WAR "PROSPERITY"

By Bernard Burton

Toward the end of 1951 a conservative Oregon newspaper polled its readers on the headlines they would most like to see. The readers, who came from all occupations and walks of life, almost unanimously came up with headlines something like these:

FIGHTING STOPS IN KOREA
TROOPS RETURNING
BIG POWERS SIGN PEACE AGREEMENT
PEACE REIGNS ON EARTH
WORLD PEACE PLAN REACHED

No matter how the headlines were worded they boiled down to one deep, prayerful hope: PEACE.

And that didn't happen only in Oregon. Other papers tried the same thing in different parts of the country and the response was the same–PEACE! Two Gallup Polls confirmed this sentiment; one showed that the majority of the people want the Korean war ended now. A second poll showed 70 percent of all Americans favor a meeting of the heads of state of the U.S., Britain and the U.S.S.R. to work out a no-war agreement.

But nobody would know the American people feel this way from the way things work out in Washington. Nearly every day sees new demands by the Administration for more taxes for more arms, orders for more drafts for more troops, con-

tinued attempts to push through Universal Military Training despite one emphatic defeat by an aroused people, more Soviet-baiting instead of examining possibilities for peaceful agreement.

What is more, if anyone is courageous enough to speak up and state the simple truth that the people do not want war plots but peace plans, then from the government to the big-money press the McCarthy-like cry of "Red" and "subversive" is drummed up to intimidate any voice for peace.

With that, all the governmental instruments of repression, from the Justice Department to the FBI, to the House Un-American Activities Committee, to the Senate Internal Security Committee, and even to the courts, go into action to bludgeon, crucify and jail all those who will stand up on the side of the people.

But tyranny and persecution have never stopped the American people in the past and they won't stop the people now. Not even the Justice Department's building of concentration camps, because it can never build enough to bury the demand for peace.

It isn't only intimidation that the war-plotters use. They also resort to the same propaganda trick that has been used by all rulers who have sought to confuse the people and go against majority sentiment. That's the shoddy trick of the BIG LIE.

THE BIG LIE OF WAR—OR ELSE!

This pamphlet is written to answer one of these Big Lies. It is perhaps the most cynical of all the propaganda lies. It is the one that seeks to convince the American people—especially the workers—that unless we produce for war there will be no jobs, that the alternative to a military economy is a big depression.

It is one of the most cynical, most immoral lies because it

that there is no Soviet citizen who has anything to gain from aggression, but plenty to lose. There are no big bankers or individual owners of industry who can make profits out of war and production for war. There is nobody to claim that war or war production is the way to avoid depressions for the simple reason that there are no depressions in the U.S.S.R., nor can there be any in a Socialist society. The fact is that while 76 percent of our latest budget is earmarked for military purposes, 76.1 percent of the Soviet budget is for peaceful pursuits and only 23.9 percent for defense. All industry and natural resources in the U.S.S.R. are owned by the workers and farmers, through their own government in which only representatives of workers and farmers can serve.

History has never known a worker and farmer who wanted to launch a foreign war. And that holds true for the U.S.S.R.

But even if that were not so, is there anything wrong with the chiefs of state of the U.S.S.R., the U.S., Great Britain, France and People's China – the Big Five – sitting down to negotiate a no-war pact? Not only is there nothing wrong with it but 70 percent of the American people, through a Gallup Poll, have declared they want a meeting of the heads of the U.S., U.S.S.R. and Great Britain for that very same purpose. Six hundred million people throughout the world have signed petitions asking for a Big Five meeting. The U.S.S.R.'s Supreme Soviet—Russia's Congress—has unanimously gone on record for such a meeting.

Soviet Premier Stalin reaffirmed this desire for peace in his recent replies to the questions of a group of U.S. editors. Stalin said that a meeting of the heads of the Big Five could be "beneficial" and that "peaceful co-existence of capitalism and communism is fully possible given the mutual desire to co-operate, readiness to perform obligations which have been assumed, observance of the principle of equality and non-interference in the internal affairs of others states."

have it. Under Franklin D. Roosevelt we were in alliance with her, and Roosevelt's dream was a long period of peace and mutually advantageous relations with the U.S.S.R. That dream was based on reality, on Roosevelt's experience with Russia in World War II and before, on his intimate knowledge of the aims of the U.S.S.R. gained, among other ways, through personal contact with Stalin.

The biggest Big Lie of this century is that the Soviet Union is an aggressive power. That lie serves only the thousand families who are the only ones to profit from war and production for war.

It is true that the U.S.S.R. has a different economic and political structure than we have. But since when is that a reason for going to war? You may or may not agree with the socialist principles on which the Soviet economy is constructed. But the question that concerns us is whether the U.S.S.R. is "aggressive."

The fact is that the U.S.S.R.'s socialist economy precludes any possibility of aggressive policies for the very simple reason

displays such cold contempt for the American people. It seeks to equate the plain people of this country with blood-thirsty beasts to whom it makes no difference whether millions are slaughtered so long as they profit thereby.

It assumes that it makes no difference to a steelworker, for example, whether his son or his neighbor's son is sent off to war so long as the worker can keep his job. The politicians who stooge for the war-plotters will one day discover to their misfortune that the first and biggest desire of the people is peace and life, that the American people have never wanted any part of blood mony.

Aside from its cynicism, this propaganda trick is phony on its face. For a war economy does not mean better living standards, a war economy is not an alternative to depression. On the contrary, it means a constant worsening of living standards and threatens to bring the biggest depression this country has ever witnessed. It is only through peace that we can improve our living standards and protect our jobs.

That goes for all the people of this country, except for the few wealthy families that own the 250 big corporations which keep getting richer and fatter through wars and production for wars. They get their largest profits when producing for war and it also helps them squeeze out smaller concerns. These corporations today control about two-thirds of the productive capacity of the country.

It happened in the last war and it's been happening ever since the government started hotting up the cold war. Although the country's productive capacity is greater today than it was in 1948, the Commerce Department disclosed recently that there were fewer manufacturing and retail companies in 1951 than in 1948.

At the same time profits for the big corporations have mounted steadily ever since we began getting taxed on a big scale for the armaments buildup. In 1951 corporate profits

before taxes reached an all-time high of 44.8 billion dollars and corporation dividends totaled a record $8,053,000,000. (Profits were smaller after taxes but we will show later how these taxes really come back to fatten the treasuries of the corporations).

On top of that, the lion's share of these profits goes to the giant outfits, not to small business. Government studies have shown that 50 companies have been getting about two-thirds of the dollar value of all arms contracts. They also showed that from the first quarter of 1950 to the first quarter of 1951 the large companies made an average rate of profit of 29.4 percent, while for small companies it was 16.8 percent.

These few figures are enough to show that there is a section of the population that does benefit from production for war. But what about the rest of the country, the workers, farmers, Negro people, middle class, professionals, small businessmen—what about the overwhelming majority of the country?

WHAT WAR MEANS FOR PLAIN PEOPLE

For this overwhelming majority, production for war does not only mean the constant danger of war and all the tragedy and suffering it brings. It means also constant depression of their living standards through heavier taxes, higher prices, smaller real income, harder work on the job plus unemployment for millions of others and living conditions which keep getting more and more difficult.

Even without statistics any average housewife who has to stretch her weekly budget can tell you that. But let's take a look at some figures to prove our point for the country as a whole.

For a long time important politicians were telling us that this country was strong enough to produce guns and butter too. Anybody who dared to say that was a lie was marked

neutral. The Soviet offered to open up the floodgates with $10-$15,000,000,000 business with the capitalist countries, and with the U.S. profiting most from this trade program.

Some American businessmen, however, had the courage to defy government intimidation and go to Moscow. These men —Edmund J. Von Henke, of Chicago, Oliver Vickery, of San Francisco, and Carl Sullivan, of Santa Rosa, California—have returned and they have all testified to the vast possibilities of profitable and job-producing trade with the 800,000,000 people of the Socialist countries.

There is no doubt that price and tax reductions, great public works and peaceful, world-wide foreign trade would provide a powerful support for a peace economy. One of the nation's top economists has estimated that such a program would immediately provide 18 million jobs instead of the 10 million now in the army and war industries.

Here is how this economist, Victor Perlo, reached his total of 18 million jobs: increased foreign trade, three million jobs; essential public works, six million; increased consumer purchasing power (through price and tax reductions), five million; ending restrictions on materials for consumer goods, one million; reduction of the work week to 35 hours (something that has been long overdue), three million.

But that comes close to the $64 question: Can we have peace? More specifically, can we have peace with the Soviet Union, which the State Department claims is the source of the war danger?

PEACE WITH SOVIET UNION INDISPENSABLE

We can have peace with the Soviet Union. We must have peace with her. The alternative is ruination and destruction throughout the world, including our part of this earth.

We have had peace with the U.S.S.R. in the 35 years since its foundation. There is no reason why we cannot continue to

Eastern Europe material that could be used for armaments. But apparently Russia is not afraid to sell such materials to us and Western Europe. The *New York Times* noted on November 25, 1951: "According to a recent United Nations report, Soviet bloc countries in 1950 sold to non-Communist countries nearly $100,000,000 more in goods than the $1,300,000 worth they bought from the latter. In the controversy over East-West trade, it has been pointed out that the exchange frequently is beneficial to the West, with the export of more than 10,000,000 tons of Polish coal to Western Europe cited as a prime example."*

Every offer by the Soviet Union to end this cold-war trade policy has been rebuffed. One such offer was made in a speech by L. P. Beria on behalf of the Soviet government on November 7, 1951. Beria declared: "We are not averse to considerably expanding business cooperation on a mutually advantageous foundation, with the United States, Great Britain, France and other bourgeois countries both of the West and the East. It is not the fault of the Soviet Union that the ruling circles of these countries, to the detriment of the interest of their own countries, have taken to undermining and curtailing economic relations with the Soviet Union."*

One of the latest examples of cutting our nose to spite our face was the virtual embargo placed by the State Department on the world economic and trade conference held in Moscow in the spring of 1952. This was a conference of business men and economists to explore the resumption of world-wide trade. No governments were represented and no politics was involved. It was simply a matter of trade—and jobs. But the State Department sought to bar any American from being present although businessmen and economists were going from all parts of the world, pro-Communist, anti-Communist or

* *The Soviet Union Builds for Peace,* by L. P. Beria. New Century Publishers, 1952. Price 10c.

down as a Moscow agent. But now the figures come out of Washington to prove that the politicians were lying—and literally.

They show that the average American consumed less butter in 1951 than during the Great Depression. In 1951 the average American got 9.7 pounds of butter while turning the depression he got 16.7 pounds per year. As a matter of fact armaments production has forced Americans to eat worse and less. Per capita consumption of meat dropped by three pounds in 1951 as compared to 1950; consumption of milk dropped by 19 pounds, fats and oils by two pounds, vegetables by five pounds.

And that isn't because the people of the country have suddenly decided to diet. It's because armaments production takes place at the expense of earnings. It's because the people, especially the workers, are forced to cut expenditures even on necessities such as food in order to make ends meet.

For one thing, production for arms means a spur to inflation, to rising prices. C. E. Wilson, former director of defense mobilization, admitted as much in his report to the President on

January 1, 1952. Said Wilson: "The factors making for inflation will in all probability grow stronger, making the task of stabilization more difficult."

And how does Wilson, the former president of the giant General Electric Corp., propose meeting this "stabilization" problem? You're safe in betting that he doesn't propose that we examine the possibilities of turning to ways of peace. Wilson says that "we will have to cope with the inflationary impact of a growing cash deficit (in the budget) unless adequate amounts of new taxes are enacted."

In other words, says Wilson, let's tax the people some more, making them still poorer, and maybe that will help. He's right about one thing though, that the deficit in the budget is one of the biggest spurs to rising prices. And the estimated deficit for the new budget will hit a post-war high of $14.4 billion. The way the government meets a deficit is mainly through borrowing from the big banks. The government deposits bonds or other collateral with these banks. In turn the banks can use these deposits to issue credit, which means putting more money in circulation even though no more goods are put on the market.

As a matter of fact, while more money is placed in circulation, there is a constant reduction of goods on the market. That is what happens as more production is diverted to armaments. Guns, tanks and A-bombs are not sold over the counter to consumers. Result: more money competes for an ever diminishing supply of consumer goods, and that spells higher prices and inflation in any language. That means in turn that the buying power of the dollar is reduced.

DOLLAR'S BUYING POWER SLASHED IN HALF

Which is exactly what has happened with this armaments production. The dollar today is worth only about 50 cents

Secondly, Washington has cracked the whip over Western Europe forcing those countries to arm and impoverish themselves to such an extent that nearly all of them are on the verge of bankruptcy and are in no position to buy from us.

A *New York Times* survey on March 15, 1952, showed that after deducting taxes (nearly all of it for arms), the average Frenchman is left with a yearly amount of only $396.59, the average Hollander with only $294.73, the average Belgian with $470, the average Englishman with $412 and the average resident of Western Germany with $250.15.

We couldn't sell matches to people with such incomes, let alone cars and other products as we did in the past. Britain, for example, needs coal badly, yet in February, 1952 she began to cut sharply on coal imports from the U.S. Meanwhile unemployment grows in our own coal fields.

Peaceful relations and an end to rearmament would vastly increase the purchasing power of Western Europe and open a great outlet for our goods.

An even more profitable outlet would come from resumption of trade with the Soviet Union, China and Eastern Europe.

Roosevelt knew this when he recognized the U.S.S.R. in 1933. Trade with the Soviet Union was an essential part of his New Deal recovery program because it was job-creating trade and it was trade with the only country in the world in the last depression which was in a position to pay for what it bought.

Because of Washington's cold-war trade policy, exports to the Soviet Union and China alone dropped between 1947 to the fall of 1951 from close to $1.5 billion a year to virtually nothing. These two countries, however, have been willing to sell us the things we need but Washington continues to cut down on that too.

The excuse given is that we don't want to sell Russia or

needed for flood control, reclamation, river and harbor projects.

These are just minimum estimates. In addition, radical improvements in social security have been long overdue, such as raising pension benefits, health and child care programs. All of this could be done at a cost far less than the current arms program. These programs would not only make for more jobs, but they would raise the purchasing power and standard of living and they would add to the real wealth of the nation.

The arms program means a reduction of these essential programs. For example, government estimates show the country needs a minimum of 17 million housing units to end the crisis in homes. But housing uses up materials essential for armaments. The result is that housing construction is being reduced rather than increased. In his report to the President, former Defense Mobilization Director Wilson admitted that "allotments for housing have been reduced—both in materials for housing units and in materials for housing equipment and components such as brass fittings, piping, and wire." Wilson estimated housing construction for 1952 would be cut to 600,000 to 700,000 units. At that rate it would take close to 30 years to meet the housing shortage. Only by that time the shortage would be even worse because in the meanwhile more homes would have grown too old and unlivable.

In addition to price and tax cuts and great public construction projects, a peace-time economy would open another vast market for our goods: foreign trade. Even under the best of conditions our industries have been able to keep going only by selling a large part of their output abroad. That goes especially for the auto and machine tool industries.

But the cold war program has done two things to reduce foreign trade. First, it has boycotted the vast markets of the Soviet Union, China and Eastern Europe, which embrace 800 million people, one-third of the world.

compared to 1939. In terms of the food it can buy it is worth only 43 cents.

Nearly every month since the beginning of the Korean War has seen prices hit a new high. At this writing (March, 1952), the government's consumer price index stands at 187.9, 87.9 percent higher than 1939.

The price index figure includes the 0.6 percent drop, the first since the beginning of the Korean War, that took place in March, 1952. The main reason for that drop, as we will show further on, is that the people have been milked so dry by this armaments economy that sales have fallen and goods have piled up on shelves and in the warehouses.

Despite this slight price drop, however, the over-all price picture is still the same. As Wilson admitted, the arms economy will mean continued inflation and rising prices in the long run, despite temporary dips on this or that item. And how can it be otherwise when the government, the largest customer of Big Business, is ready to pay almost any price asked by the big corporations, when production of guns keeps rising, and when the government deficit keeps soaring upward?

Unions have long known that the government's price index doesn't come near telling the real story. One union, the independent United Electrical Workers, figured out its own index, based on the way in which workers are actually forced to spend their earnings. It presented its estimate to Congress in 1951 and to this day the government has not been able to refute the UE's figures. The UE showed that in October, 1951 the real cost of living index stood at 276.1 instead of the government's 187.9. In other words the cost of living was nearly three times greater than in 1939. Are you earning three times as much as in 1939?

If rising prices bear down on your income from one side then taxes hack away at it from the other. And taxes on individuals have never been as heavy in American history.

The U.S. Chamber of Commerce had to admit that the average wage earner loses about one-third of his pay in direct federal, state and local taxes. Even Herbert Hoover, no friend of labor, was forced to confess: "The double effect of inflation and taxes is indicated by the fact that a family with $3,000 net annual income ten years ago must now earn $6,000 to maintain the same standard of living."

It's got to the point where many workers refuse to work overtime because taxes eat up the extra earnings.

Of course, corporations get taxed too. But that's a laugh, a real hearty one, for the big corporations.

Not only do they get back those taxes and ours also in the form of high profit "defense" contracts, but the government uses those taxes to help them build big, new, modern plants such as the tremendous U.S. Steel works at Morrisville, Pa. The government has already handed over $11.5 billion in tax benefits (rapid amortization certificates, they are called) for these purposes.

That's typical of government activities these days. For the whole service of the government has been put at the disposal of the large trusts and directed against the interest of the people.

The people have been milked dry of their savings. Small government bonds are being cashed in faster than they are bought. Sixty-five percent of the country's liquid assets (savings) are held by only ten percent of the people. Half of the people hold only one percent of all the liquid assets.

The people are denied minimum government services. Seventy-six percent of the budget goes for war preparations. That's a greater share than during 1941, the first year of real mobilization for World War II. A smaller share than 1941 goes for such essential, and even more acute, needs as housing, social security and welfare. If every person over 65 were

a big bust, for a great depression. Thus, Dr. Edwin G. Nourse, former chairman of the President's Council of Economic Advisers, declares that the way things are going we should look forward to a "deflationary crash by '54 or '55."

Nourse and his fellow economists are telling only a half-truth, which is often worse than a full lie.

THE REAL ALTERNATIVES

The statement is true only if the prospect is continued armaments production. It's not true if we turn back to the path of peace and friendly, peaceful trade relations with all countries.

The alternative is *not* arms production *or* depression.

The alternative is arms production *and* depression—or a government committed to peace plus rising living standards and jobs.

In the first place, peaceful production would mean an immediate easing of the tremendous tax load which is now the heaviest in our history, amounting to more than 30 percent of our national income.

Peaceful production would also mean an end to inflation and putting prices within the range of the average person.

These two, price cuts and tax reductions, would release a tremendous reservoir of purchasing power for clothing, textiles, autos, homes, etc.

Secondly, at far less cost than armaments production, the government could start filling what Fortune magazine calls "The Last Big Backlog: Public Construction." This would mean millions of jobs for at least a good ten years.

This would mean expenditures over the next ten years for such sorely needed items as $2 billion a year for schools, $1 billion a year for hospitals, $6 billion a year for roads, $1.3 billion a year for housing. Then there are similar amounts

There was a similar picture in auto where, in the Detroit area alone, 200,000 are unemployed. The same thing goes in the clothing trades, in the building trades and other industries.

This situation is bound to affect even those industries where a large part of the output goes into armaments, such as steel.

Even the steel industry does not produce entirely for armaments. The major part of its production must go into consumer industries. But there's the rub. Auto, for example, is the largest individual user of steel. If auto cuts production then steel will have to cut back and lay off workers.

And that has already begun to happen, especially in rolling mills.

What's more, you can't produce for armaments indefinitely. Sooner or later the point is reached where you have all the arms you can possibly use—you're all "stocked up."

Now armaments stocks are not like other goods. In other industries you just slow up until eventually the inventories are sold.

But there is no way of selling armaments on the market. There is only one way of "liquidating" armaments inventories.

That's by destroying them. By WAR.

Not even bloody wars, such as in Korea, which only use up part of the total arms output. But full-scale, total war. A war which would make the last one with its 20 million dead look like a skirmish. An atom-bomb war which would spare no areas of the world, including our own.

This is the path being taken by the 1,000 families who have grown richer and more powerful on arms production.

But this is not the path of the overwhelming majority of Americans whose living standards are being squeezed down by the armaments economy and who will do the dying in another war.

Short of this total war, Wall Street economists who speak for the 1,000 families tell us that we'll have to get ready for

paid a pension of $150 a month it would add up to less than half of the new arms budget.

The people are being forced down to sub-standard conditions of living. The government says that for a couple with two children the "necessary minimum" is $3,700 a year (after taxes). But 53 percent of all American families, according to a Congressional study, get less than $3,000 a year and one-fourth, 10.5 million families, get less than $2,000.

The special and cruel exploitation of the Negro people is shown by the fact that the median annual wage of the Negro family is under $1,000. Fifty-nine percent of all Negro families receive less than $2,000 a year, compared to 27 percent of white families.

Even the small and middle farmers, whom the newspapers and magazines like to picture as living under such "ideal" conditions, have been caught in this arms economy squeeze. Realized net income of farmers dropped 25 percent between 1947 and 1950, with the share of total national income going to farmers falling from 9.6 percent in 1947 to six percent in 1950. The picture was, if anything, worse in 1951.

It can't add up to anything good for the country when the majority of the people keep getting poorer while a handful keep growing fatter and richer. Common sense and our experience tell us that sooner or later it's bound to show up in falling sales, curtailed production and mounting layoffs.

The facts show just that.

WHAT CHANGE-OVER TO WAR ECONOMY MEANS

Department store sales have been falling steadily for months despite stepped-up advertising all over the country. By early March, 1952, sales had fallen 16 percent in one year. And that doesn't tell the whole story because prices were higher than a year earlier. Which means that in terms of amount of goods sold the picture was even darker.

When sales drop it also means that unsold goods pile up. The President's Council of Economic Advisers reported on January 1, 1952 that the year 1951 showed the greatest piling up of inventories on record, hitting more than $8 billion. The report said the inventory rise "represented basically the over-anticipation by manufacturers and sellers of the level of consumer demand."

Which is one way of saying that the people were unable to buy, so goods piled up.

Falling sales and rising inventories are bound to affect production in the factories. Economists have been scratching their heads over a peculiar development. That's the fact that for more than six months total production in the country has stayed at about the same level—even though production for armaments has been rising steadily and rapidly. At this writing more than 14 percent of the total national output goes into armaments. The figure keeps rising with government goals fixed at 20 percent.

But total production has not been moving upward because production in the consumer industries mainly has been falling off. From mid-1950 through 1951, production in various industries declined percentage-wise as follows:

Passenger cars	49.2%
Radio, television	58.9%
Major appliances	37.0%
Furniture	15.4%
Carpets	50.4%
Lumber	9.9%
Cement	13.1%
Glass products	25.9%
Cotton textiles	22.3%
Wool textiles	32.8%
Shoes	27.1%
Wheat flour	16.4%

Butter	24.7%
Cigarettes	24.2%
Paperboard	25.4%
Newsprint	6.3%
Rubber Products	3.2%
Paints	6.5%
Bituminous coal	11.2%
Metal mining	19.2%

Declines took place in other industries also but the examples above are enough to prove that armaments production has not succeeded in keeping production up. On the contrary, it is the main cause of production decline because it cuts into the purchasing power of the people through high prices and heavy taxes.

Some have claimed the fall in production was due to the diversion of raw materials to arms production. That has some effect—especially in fields such as housing construction. But the major cause lies in the declining purchasing power of the people.

The auto industry, for example, hasn't been alloted enough steel for capacity production. But still the industry has more steel than it can use because it can't sell even the reduced number of cars it is producing.

For all practical purposes the depression has arrived in a great many consumer industries, industries whose sales depend on the amount you and I are able to buy.

Even such an ardent supporter of the war program as Emil Rieve, president of the CIO Textile Workers Union of America, was forced to complain that of the 60 million workers listed as "employed" at the end of 1951, 15 million were not actually working or were working part time. He told the Massachusetts CIO convention that unemployment, especially in textiles, was "worse now than in the great depression." Since that time unemployment has continued to climb.